



State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

TO: State Mineral Board Members

FROM: Rachel Newman, CPA *RN*
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Mineral Income Division

DATE: November 9, 2011

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, November 9, 2011, following the Nomination and Tract Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana.

Items on the agenda are as follows:

1. A penalty waiver request from Energy XXI GOM, LLC for a penalty in the amount of \$29,596.93 which was billed for late payment of royalty. Energy XXI GOM, LLC paid the state a total of \$100,035.44 in late royalty for the disposition dates of October 2007 through April 2011. The payment was received on June 27, 2011. This payment was not related to a field audit. Energy XXI GOM, LLC was billed and paid \$22,604.44 in interest charges on August 1, 2011.
2. A penalty waiver request from McMoran Oil & Gas LLC for a penalty in the amount of \$78,518.78 which was billed for audit exceptions. This was not a field audit of McMoran but was found as the result of another audit for a separate company. The desk review period covered July 2007 through January 2011. The review began on February 15, 2011. Total royalty collected for the exception period is \$61,073,912.44. McMoran Oil & Gas LLC paid the state a total of \$301,183.40 in royalty exceptions and \$42,585.70 in interest charges.
3. A penalty waiver request from Harvest Group, LLC for a penalty in the amount of \$257,960.22 which was billed for audit exceptions. The field audit of Harvest Group, LLC for the period of September 2005 through March 2009 began on April 27, 2009. Total royalty collected for the audit period is \$16,749,731.77. Harvest Group, LLC paid the state a total of \$981,224.10 in royalty exceptions and \$214,518.52 in interest charges.
4. A penalty waiver request from Harvest Oil and Gas, LLC for a penalty in the amount of \$112,639.89 which was billed for audit exceptions. The field audit of Harvest Oil and Gas, LLC for the period of February 2005 through March 2009 began on April 27, 2009. Total royalty collected for the audit period is \$6,848,571.75. Harvest Oil and Gas, LLC paid the state a total of \$386,969.51 in royalty exceptions and \$125,000.05 in interest charges.

5. A recoupment request from Hunt Oil Company for an overpayment in the amount of \$70,280.52. The state lease number involved is 17695. For the sales month of September 2006, Hunt Oil Company paid royalties based on an incorrect volume.
6. Staff report to the committee that the election for November 2011 gas royalty is to be paid on a processed basis at the Discovery Plant at Larose and the Sea Robin Plant at Henry per the terms of the State Texaco Global Settlement Agreement.

The Committee may discuss matters it desires pursuant to R.S. 42:7(A)(1)(b)(ii) as well as Executive Session matters pursuant to R.S. 42:6.1(A)(2) and R.S. 42:6.1(A)(6).